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SPECIFICATION AMENDMENTS

Please amend the paragraph that begins on line 26 on page 17 as follows:

yce 3/20/09

Thus, for the case of a matrix with fixed coefficients and a variable gain controlled by a scale factor at each matrix output, the signal output at each of the five output channels is (where "SF" is a scale factor for a particular output identified by the subscript):

Please amend the paragraph that begins on line 24 and 25 on page 21 as follows:

Jcc 3/20/09

Continuing with the description of FIG.2, modules 24-34 receive appropriate ones of the six inputs 1',3',5',9',13' and 23' in the manner shown in FIG.1. Each module generates a preliminary scale factor ("PSF") output for each of the audio output channels associated with it as shown in FIG.1. Thus, for example, module 24 receives inputs 1' and 3' and generates preliminary scale factor outputs PSF1, PSF2 and PSF3. Alternatively, as mentioned above, each module may generate a preliminary set of audio outputs for each of the audio output channels associated with it. Each module also may communicate with a supervisor 201, as explained further below. Information sent from the supervisor 201 to various modules may include neighbor level information and higher-order neighbor level information, if any. Information sent to the supervisor from each module may include the total estimated energy of interior the interior outputs attributable to each of the module's inputs. The modules may be considered part of a control-signal-generating[[-]]portion of the overall system of FIG.2.

Please amend the paragraph that begins on line 1,6 on page 24 as follows

yec 3/20/09

Because the levels are energy levels (a second-order quantity), as opposed to amplitudes (a first-order quantity), after the divide operation, a square-root operation is applied in order to obtain the final scale factor (scale factors are associated with first-order quantities). The addition of the interior levels and subtraction from the total input level are all performed in a pure energy sense,

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